

November 16, 2005

Record energy revenues boost province's surplus

Surplus plan includes smart spending, savings and giving back to Albertans

Highlights of Second Quarter Fiscal Update:

- Total revenue has increased approximately \$5.8 billion since budget (after deducting \$1.3 billion for resource rebates).
- Total expense is up \$1.5 billion since budget.
- Net revenue (surplus) is forecast at \$5.9 billion - of that, \$1.6 billion will be allocated to savings and \$3.4 billion deposited into the Capital Account to help pay for capital commitments in future years.

Edmonton... Continuing high oil and gas prices, which are resulting in record-high non-renewable resource revenues, have further strengthened Alberta's 2005-06 financial outlook as reported in the Government of Alberta's Second Quarter Fiscal Update. Total revenue is now forecast to be \$5.8 billion higher than estimated in the budget, with a record \$13.2 billion in non-renewable resource revenues.

"This higher-than-expected revenue will be put to good use to benefit Albertans now and in the future," said Alberta Finance Minister Shirley McClellan. "The largest share of this year's higher revenue will be invested in priority areas such as roads, schools and hospitals, while a significant portion will be put into savings. A smaller portion is being given back to Albertans, who can decide for themselves how best to spend or save it."

The government is returning about \$1.3 billion to Albertans through resource rebates and providing \$660 million in natural gas rebates to help offset heating costs this winter. Capital spending has been increased by \$801 million in 2005-06 to nearly \$4 billion. This includes the 2005-06 costs of the multi-year commitments for health, education and roads infrastructure. An additional \$3.4 billion is also being deposited in the Capital Account from this year's surplus to help pay for future year capital costs.

Government savings will be increased through a \$1.6 billion allocation to the Heritage Fund and endowment funds. Savings highlights include \$295 million for inflation-proofing the Heritage Fund, \$750 million for the Advanced Education Endowment Fund, \$250 million for the Scholarship Fund, \$200 million for the Medical Research Endowment Fund, and \$100 million for the Science and Engineering Research Endowment Fund.

Total expense is forecast to increase by nearly \$1.5 billion, including \$389 million in disaster/emergency funding related to BSE, wildfires, floods and pine beetles; \$375 million in additional natural gas rebates; and \$481 million for capital grants from the Capital Account.

Oil prices for the fiscal year are expected to average US\$60 per barrel and natural gas prices to average Cdn\$8.50/GJ, up US\$18 per barrel and Cdn\$2.90/GJ, respectively, from budget estimates.

"Energy prices have risen considerably higher than had been forecast by most energy analysts or estimated in the budget, but energy revenues are only part of the reason Albertans are enjoying tremendous prosperity," said McClellan. "Our strong fiscal position today was made possible through sacrifices, hard work and smart choices by Albertans over the years, and we will continue to make smart choices that reflect Albertans' wishes to ensure these windfall revenues benefit us all for years to come."

Released with the fiscal update were the Alberta Heritage Savings Trust Fund Second Quarter Update and the Second Quarter Activity Report.

The Heritage Fund's report noted investment income from the Fund is expected to be \$444 million higher than the budget estimate, reaching a total of approximately \$1.1 billion in 2005-06. The book value of the Fund is forecast at \$12.3 billion.

The activity report outlines some of the activities government undertook to support the government's vision of a vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.

Summary (\$ millions)

	Budget 2005-06	2nd Quarter Forecast	Change from Budget
Revenue	\$27,346	\$33,172	\$5,826
Expense	\$25,826	\$27,278	\$1,452
Net Revenue (surplus)	\$1,520	\$5,894	\$4,374
Non-Renewable Resource Revenue	\$7,680	\$13,212	\$5,532
Oil Price (WTI US\$/bbl)	\$42.00	\$60.00	\$18.00
Natural Gas Price (Cdn\$/GJ)	\$5.60	8.50	\$2.90

- 30 -

Media enquiries may be directed to:

Tracy Balash
A/Director of Communications
Alberta Finance
(780) 427-5364

To call toll free within Alberta dial 310-0000.

This news release is available on the Alberta Finance homepage at: <http://www.finance.gov.ab.ca>

Send us your comments or questions

Copyright(c); 2005 Government of Alberta

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to Government Home Page

Return to [Government Home Page](#)